



# Missouri Department of Agriculture

## Strategic Plan

[FY 2000 4th Quarter Results: Key Measures](#)

### MISSOURI DEPARTMENT OF AGRICULTURE STRATEGIC PLAN

#### EXECUTIVE SUMMARY

**Vision:** To be a leader of a dynamic, sustainable, prosperous agriculture.

**Mission:** To serve, promote, and protect the agricultural producers, processors, and consumers of Missouri's food, fuel, and fiber products.

**Values:** We value:

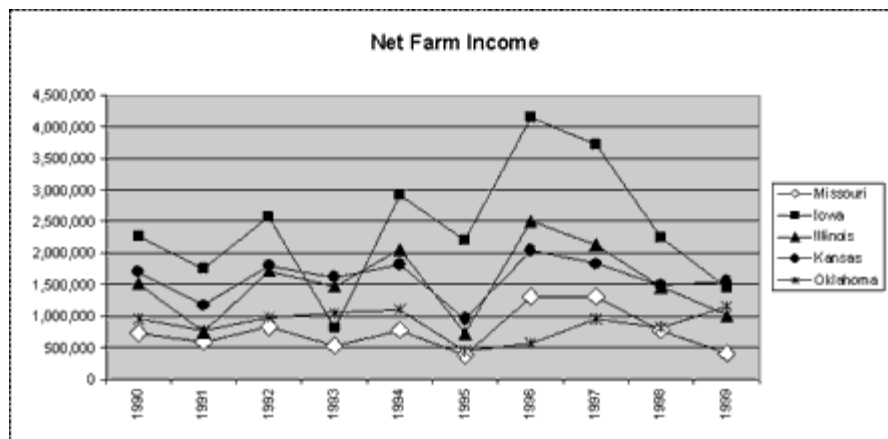
- A prosperous agricultural economy that will enable all Missourians to achieve a higher quality of life.
- The preservation and enhancement of our environment and agricultural resources.
- A market based economy and a level playing field for all those involved.
- Consumer confidence in a quality product at a fair price.
- Opportunities for personal growth, professional development and organizational advancement.

**Outcome:** Improved Net Farm Income

- Objectives:**
1. Increase the economic impact of department services provided to Missouri firms and farms.
  2. Increase sales of Missouri crops and livestock.
  3. Improve producer and consumer protection.

- Key Strategies:**
1. Form a Governor's Task Force on Agriculture to identify critical issues facing Missouri agriculture and make recommendations to the Governor by December 2001.
  2. Partner with members of the Life Sciences Research Committee to procure basic life science research in areas that benefit agriculture and rural communities.
  3. Add value to Missouri's agricultural commodities.
  4. Increase exports of agricultural commodities and value-added products through trade offices in Mexico, South America, and Asia.
  5. Increase the health, quality, and wholesomeness of the state's livestock, poultry, and meat products.
  6. Improve compliance with MDA regulatory programs with an emphasis on education, training, and user-friendly services for the regulated community.

- Key Programs:**
1. Agricultural Innovation Center
  2. Missouri Agricultural and Small Business Development Authority
  3. Domestic and International Marketing
  4. Animal Disease Control
  5. Feed and Seed
  6. Petroleum Inspection
  7. Grain Regulatory Services



**Source: USDA National Agricultural Statistics Service (5/01)**

### Why This Measure is Important

Measures of farm-sector income are valuable indicators of how well agriculture and rural economies are performing. Farm income affects the prosperity of not only farm households, but rural businesses other than farms. When farmers use their income to purchase farm inputs and household goods they infuse the economy with additional funds, contributing to the revenues of other local businesses and the maintenance or creation of local jobs. Lending institutions also share in the benefits of net farm income due to the improved repayment capacity of farm borrowers and reduced risk in farm loan portfolios.

### Trend Analysis

Missouri's net farm income reached record levels in 1996 and 1997 before falling dramatically in 1998 and 1999. Market prices for Missouri's major crops and livestock have been under significant pressure for the last few years due primarily to high crop yields worldwide and reduced export demand. These low market prices and the drought of 1999 have weakened Missouri producers' financial position. However, despite these declines, the high-income years of 1996 and 1997 boosted the 5-year average net farm income by 21 percent in 1995-99 compared to 1990-94.

### How Missouri Compares to Others

According to USDA's Economic Research Service, Missouri's neighboring states have experienced similar declines over the last few years. Since 1996, Iowa, Illinois, and Kansas experienced net farm income declines of 65%, 60%, and 24% respectively. Oklahoma was the exception in experiencing an increase of 101% over this period. Oklahoma's increase was due to its relatively depressed farm income level in 1996 and the strength of its livestock sector, which increased 31 percent from 1996-99.

### What Works

Income is created by production, and the value of production is the primary determinant of net farm income. The Missouri crop sector is expected to rebound from the 1999 drought. After a several year period of weakness, grain and oilseed prices are expected to recover steadily over the next few years in response to strengthening demand and a growing world economy. Fruits, vegetables, and greenhouse/nursery products are also expected to continue their steady rise in sales.

The value of livestock production is expected to continue its recent improvement. Relatively low feed costs, steady consumer income growth, and strong demand have encouraged higher beef and pork production. The demand for U.S. livestock exports has been strengthening, perhaps helped by greater consumer confidence in U.S. food safety.

Agricultural exports will likely continue to grow in importance. From 1994 to 1998 exports increased 53 percent and the percentage of cash receipts attributable to exports increased from 20 to 29 percent. The value of exports attributable to MDA's international marketing activities has increased from \$3.7 million in FY '97 to \$13 million in FY 2000.

Major incidents of illness associated with food consumption have greatly increased consumer concern about food safety in recent years. For example, recent outbreaks in Europe of BSE and foot-and-mouth disease have led to dramatic declines in beef consumption there and significant losses for associated industries. In the first year of the crisis, the UK's total economic loss from BSE was estimated at US\$1.2-1.6 billion.

Animal disease control remains a critically important function for MDA.

Disease outbreaks have also fostered consumer interest in purchasing organically produced foods, supporting production processes that are environmentally friendly, and encouraging farming operations that take animal welfare concerns into consideration, though these activities may not necessarily factor into protection from disease transmission. Markets for these foods remain small but are expanding. MDA is positioned to take full advantage of these emerging opportunities.

Department initiatives such as identity preserved marketing, specialty crops, organic production, and value-added processing will help producers capture more of the revenue stream in the in agri-food system. New forms of producer organization (e.g. new generation cooperatives, producer alliances, strategic partnerships) and improved marketing strategies have also proven effective in increasing net farm income and are included in the department's strategic priorities.

#### Concerns

- Production agriculture and net farm income are particularly vulnerable to declines in world economic growth, increased foreign production, a strong dollar, increases in energy costs, and weather.
- Net farm income is a relatively good indicator of how well the agriculture sector as a whole is performing. However, as an aggregate measure, net farm income does not reveal the wide variations in income and circumstances among various categories of farmers and does not include off-farm income and wealth, which have become increasingly important.
- Net farm income includes the value of government payments to agricultural producers. Changes in the level of government payments can have a significant impact on net farm income.
- Net farm income does not fully capture the profits obtained from processing or marketing value-added products. As agricultural producers move into value chains and closer to the consumer, many of the benefits will not be reflected in the net farm income measure. The department is working to develop a measure of the total economic impact of Missouri agriculture that would include more of the value obtained from agricultural processing and marketing.

#### Other Sources of Information

USDA's Economic Research Service—<http://www.ers.usda.gov>

Missouri Agricultural Statistics Service—<http://www.agebb.Missouri.edu/mass>

Food and Agricultural Policy Research Institute—<http://www.fapri.missouri.edu>

#### Data Table

##### Net Farm Income—Missouri & Surrounding State

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	—Thousand dollars—									
Missouri	725,844	589,832	824,857	528,711	777,064	383,197	1,306,200	1,308,159	773,782	404,273
Iowa	2,266,424	1,747,348	2,574,726	813,058	2,916,298	2,208,871	4,155,831	3,723,335	2,242,037	1,450,176
Illinois	1,514,477	750,378	1,718,806	1,473,002	2,055,304	728,732	2,504,298	2,126,612	1,461,672	1,007,067
Kansas	1,694,544	1,172,903	1,803,578	1,613,235	1,811,860	953,333	2,037,640	1,825,637	1,485,251	1,547,850
Oklahoma	951,055	772,833	981,177	1,045,895	1,102,068	439,130	572,677	953,657	818,147	1,142,787

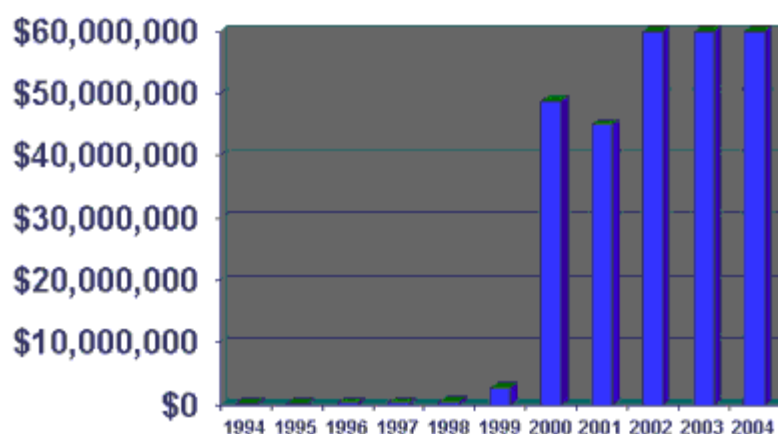
Source: USDA National Agricultural Statistics Service(5/01)

#### Description of Measure

Net farm income is net cash income (i.e. cash receipts less operating costs) adjusted for changes in inventory values and capital replacement costs. Net farm income represents the income earned by farmers, their partners, and others who supply the labor, management, and capital for use in production agriculture. Net farm income does not include the additional income farmers may receive from processing or marketing value-added products.

**Key Objective: Increase the economic impact of MDA services provided to Missouri firms and farms from \$45 million in FY 2001 to \$60 million in FY 2004.**

## Economic Impact



Source: MDA Program Data

### Why This Measure is Important

Economic impact is a measure of the true value of money's effect on the economy. The local economic impact gives the communities a sense of ownership. The direct economic impact provides opportunities for local communities, businesses, and schools to maintain economic viability.

The Federal Reserve Bank of Kansas City's Center for the Study of Rural America reports that while agriculture is no longer an economic tide that lifts all of rural America, it is the leading source of income to about a quarter of all rural communities.

This measure is an indicator of the ability of MDA to leverage the limited resources available to Missouri agriculture.

### Trend Analysis

The department's efforts provided for a modest but steady increase through 1999. However, with the implementation of the Missouri Value-Added Grant Program, Missouri Value-Added Loan Guarantee Program, and the New Generation Cooperative Incentive Tax Credit Program a significant increase in economic activity was recorded.

Major economic activity is dependent upon value-added enterprises becoming operational. Typically these enterprises have been structured as new generations cooperative, which require a detailed organizational structure plus a great amount of member financial equity. The process is often time consuming and delays are common. For example, in Fiscal Year 2001 several larger projects have been delayed into Fiscal Year 2002. However, based on current value-added project schedules, FY 02, 03, and 04 are expected to show substantial increases in economic impact.

### How Missouri Compares to Others

Missouri has a broad portfolio of financial and technical assistance programs to help producers and agribusinesses enhance profitability. These programs give producers the flexibility in choosing the financial assistance programs most appropriate for the business strategies used, including enhanced marketing of farm products, adding value to farm products through further processing, or investing in new farm assets. Although the dollar value of impact from other states programs is not available, the table below illustrates the range of Missouri's products and services compared to surrounding states.

PRODUCTION AGRICULTURE					AGRICULTURAL MARKETING				VALUE-ADDED AGRICULTURE			
Direct	Aggie	Loan	Grants	Tax	Direct	Loan	Grants	Tax	Direct	Loan	Grants	Tax
Loans	Bonds	Guarantees		Credits	Loans	Guarantees		Credits	Loans	Guarantees		Credits

AK	Beginning Farmer Loan Program Capital Access Program Farm Link	Export Finance Program Agricultural Cooperative Loan Program Aquaculture Development Program	ADFA Bond Guaranty Program
IL	Beginning Farmer Bond Program Young Farmer Guarantee Program State Guarantee Program for Restructuring Agricultural Debt Specialized Livestock Guarantee		State Guarantee Program for Agri-Industries Cooperative Stock Purchase Program
IA	Beginning Farmer Loan Program Loan Participation Program		
K S	Beginning Farmer Loan Program	Market Development Funds	HACCP Implementation Program Commercialization Funds Program
MO	Animal Waste Treatment System Loan Alternative Loan Beginning Farmer Loan Single-Purpose Animal Facilities Loan Guarantee Crop & Livestock Loan Sustainable Agriculture Demonstration Awards BOAC Grant	Alternative Loan Farmers Market Grants AgriMissouri Matching Funds Program	Alternative Loan Value-Added Loan Guarantee Value-Added Grant New Generation Cooperative Incentive Tax Credit Agricultural Product Utilization Contributor Tax Credit
N E	IDB-Based Agricultural Loan Program		
OK	Beginning Farmer Loan Program		

### What Works

Producers can enhance their profitability by capturing more of the revenue stream in the agrifood system. Proven strategies for capturing more of the value created in the food chain include: value-added agriculture, enhanced marketing of products, identity preserved crops, specialty crops, and organic production.

Agriculture is a capital-intensive enterprise. To compete effectively, Missouri's agricultural producers must have access to affordable capital. Financial and technical assistance are needed to bring feasible value-added products to the marketplace and to provide lenders with incentives to finance new production, value-added, and small business activities. Examples of successful MDA initiatives include:

#### Missouri Agricultural and Small Business Development Authority

Beginning Farmer Loan Program  
Animal Waste Treatment System Loan Program  
Single-Purpose Animal Facility Loan Guarantee Program  
Missouri Value-Added Grant Program  
Missouri Value Added Loan Guarantee Program  
New Generation Cooperative Incentive Tax Credit Program

#### Market Development

AgriMissouri Matching Funds Program  
Farmer's Market Grant Program  
Missouri Alternative Loan Program  
Missouri 4-H and FFA Crop and Livestock Guarantee Program  
Agriculture Development Fund's Building Our American Community Grants  
Agriculture Development Fund's Agriculture Scholarship Awards

#### Plant Industries

## Sustainable Agriculture Demonstration Grants

### Concerns

MDA services to firms and farms create economic impacts throughout the state, however it is difficult to accurately measure the economic impact of MDA financial and technical assistance programs. The economic impact measure is important in that it helps MDA develop strategies to focus on utilizing limited resources in the most effective and efficient means possible. However, it will require new methods for tracking program impacts.

### Other Sources of Information

Missouri Department of Agriculture -- <http://www.mda.state.mo.us>

Missouri Agriculture Statistics Service -- <http://www.agebb.Missouri.edu/mass>

USDA Farm Service Agency -- <http://www.fsa.usda.gov>

National Council of State Agriculture Finance Programs

National Association of Rural Rehabilitation Corporations

### Data Table

#### Dollars of Economic Impact Per Fiscal Year

1994	1995	1996	1997	1998	1999	2000	2001	2002 Target	2003 Target	2004 Target
\$255,967	\$285,139	\$325,869	\$445,176	\$524,151	\$2,781,574	\$48,852,495	\$45,000,000	\$60,000,000	\$60,000,000	\$60,000,000

Source: MDA Program Data

### Description of Measure

The economic impact of MDA services is calculated as the sum of direct savings (i.e. interest rate reductions) and investments that result from the department's tax credits and other financial services.

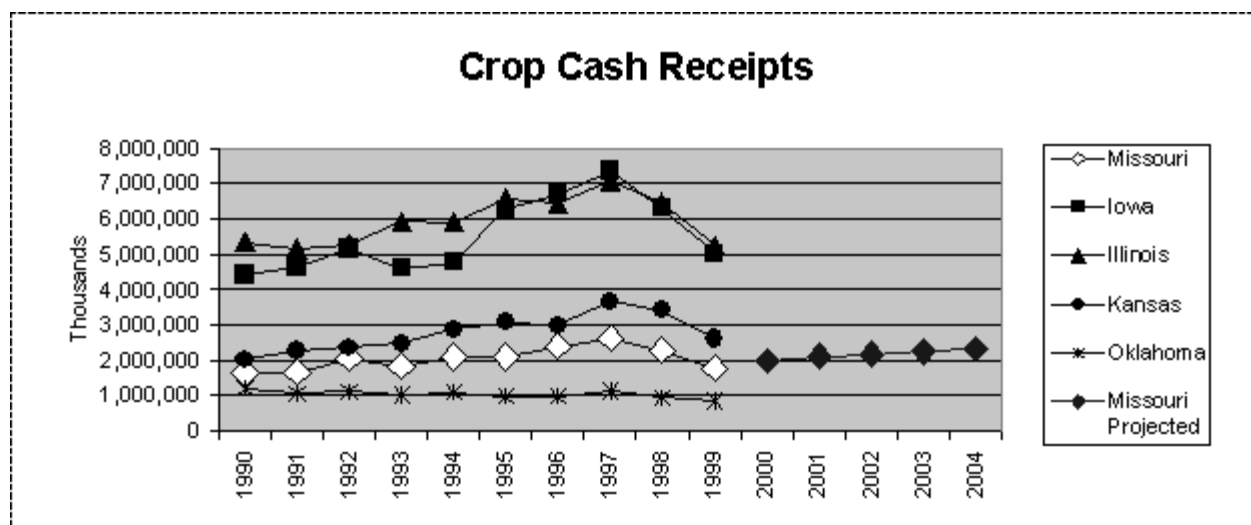
Programs included in the measure are:

1. Beginning Farmer Loan Program
2. Animal Waste Treatment System Loan Program
3. Missouri Value-Added Grant Program
4. New Generation Cooperative Incentive Tax Credit Program
5. Alternative Loan Program
6. AgriMissouri Program
7. Farmers Market Grants

### Key Strategies:

1. Implement a statewide coordinated approach to assisting ag entrepreneurs that includes as joint venture partners, MDA, DED, MU Outreach & Extension, MO SBDC, and Missouri Enterprise/MAMTEC.
2. Maintain a variety of economic incentives that will increase investment in firms and farms through the Agricultural and Small Business Development Authority by \$60 million in FY 2002, 2003, and 2004.
3. Increase Alternative Loans available through the Agriculture Development Fund from \$1.0 million to \$1.6 million by June 30, 2004.

**Key Objective: Increase sales of Missouri crops from \$1.8 billion in 1999 to \$2.3 billion in 2004**



Source: USDA National Agricultural Statistics Service (5/01)

#### Why This Measure Is Important

Cash crop receipts are a direct reflection on Missouri's rural economic health, which enhances the tax base for rural schools, health care and infrastructure and ultimately impacts Missouri's overall economic well being.

#### Trend Analysis

After trending upward and increasing 59% from 1990 to 1997, Missouri's crop cash receipts declined by 32% from 1997 to 1999. In 1999, farmers received the lowest value for their crop since 1991. This downward trend began after relatively high grain prices in 1996 and 1997.

#### How Missouri Compares to Others

According to the USDA's Economic Research Service, Missouri's bordering states have endured similar declines. Since 1997, Iowa, Illinois and Kansas crop cash receipts have declined 25%, 26% and 29% respectively.

#### Factors Influencing the Measure

Production: Global competition and lower demand has been the culprit in keeping commodity prices at record low levels. In addition to improved technologies and farming techniques, favorable worldwide weather moved some countries from customers to competitors.

Utilization: The growth rate of the alternative fuels industry is emerging as a significant factor in the sales of feed grains. The EPA's recent decision to require California to continue to use an oxygenate in gasoline to replace MTBE is expected to be a significant boost to the value of U.S. corn crop. A study by the USDA found that California's ethanol demand, equivalent to 220 million bushels of corn, could raise corn prices 9 to 15 cents a bushel.

#### What Works

The Missouri Department of Agriculture has taken several approaches to stabilize or improve crop cash receipts.

A Specialty Crops position has been created to assist Missouri farmers with producing and marketing non-tradition crops such as dry edible beans and traditional crops with unique characteristics such as high-oil corn or a specialty rice. Missouri farmers receive a premium for these products. Specialty grain crop opportunities in Mexico are increasing. In March 2001, Agriculture's Mexico trade office assisted a Missouri company with a \$300,000 white corn export to Mexico.

The Department has recently been successful working with the Missouri Soybean Association in selling specialty (tofu) soybeans to Taiwan. Missouri farmers receive a premium for these soybeans. For the 2001 crop year, Missouri farmers plan to double their tofu soybean production in 2001. According to the primary exporter of these specialty soybeans, farmers increase their profit by \$30/acre.

The Department is successful in assisting value-added companies with developing and expanding export sales. In many instances, these exports have a direct positive impact on cash crop receipts. For example, the Department's Taiwan office is assisting a Taiwanese pork processor purchasing and remodeling a Missouri pork processing plant. The plant will initially process 20,417 metric tons of pork and export it to Japan. Because it takes one metric ton of soybean meal to produce one metric ton of pork, the plant's impact translated into 20,417 metric tons of additional soybean meal demand in Missouri.

The Department's Missouri Ag and Small Business Development Authority MASBDA offers value-added grants, loan guarantees and tax credits for Missouri farmers interested in adding value to their agricultural products. For example, the MASBDA provided a grant for an ethanol plant feasibility study and eventually provided tax credits to the Missouri investors in the plant. According to the Missouri Corn Growers Association, the ethanol plants pay farmers an additional ten cents per bushel for their corn. The Missouri ethanol plants now process 12 million bushels annually which equates to \$1.2 million in additional income annually.

The Department is also increasing programs on sustainable and organic production. The Sustainable Agriculture Demonstration Award Program is a competitive grant program for Missouri producers who want to evaluate and adopt sustainable practices on their own farms. The organic program is very new and is developing. Providing information to producers interested in production and marketing will be the first priority. The program will also work to become accredited to be a certifying agent for the National Organic Program. In 1997, (the most recent official data available from the *Organic Farming Research Foundation*) U.S. organic soybean farmers received an average \$16.50 / bushel while Missouri farmers received only \$6.46/ bushel for their bulk commodity soybeans. Although organic production usually results in a lower yield per acre, clearly, organic production increases Missouri's cash receipts.

The Department is also dedicated to supporting Missouri fruit and vegetable producers, which tend to be higher value crops than the traditional mix of corn, soybeans, and wheat. In addition to assistance locating wholesale markets, the Department helps farmers with direct selling by helping establish Farmers' Markets. The number of farmer markets has increased from 75 in 1997 to over 100.

The Department continues to protect Missouri farmers from man-made situations that could bankrupt crop farmers even in expected profitable years. For example, the Department tirelessly monitors public grain storage facilities and grain buyers to protect farmers from unstable grain companies. The Department also approves agricultural chemicals and chemical applicators to ensure agricultural chemicals do not damage crops or the environment.

#### Concerns

- The data does not address profitability. The value of the crops sold could increase and at the same time higher input costs could easily erode profitability. The Missouri Department of Agriculture program may assist a farmer in being more profitable by assisting with an ethanol processing plant. Although the corn prices are low, farmers can still profit from the ethanol and by-products produced.
- Recent environmental concerns over the fuel oxygenate MTBE has made ethanol attractive. However, decisions made at the federal level will have a huge impact as to how much demand growth there is for ethanol.
- Crop cash receipts do not and should not include U.S. government payments to farmers.

#### Other Sources of Information

Organic Crop Improvement Association—[www.ocia.org](http://www.ocia.org)

Food and Agricultural Policy Research Institute—[www.fapri.org/main.htm](http://www.fapri.org/main.htm)

USDA Economic Research Institute—[www.ers.usda.gov](http://www.ers.usda.gov)

Missouri Agricultural Statistics Service—<http://www.agebb.missouri.edu/mass>

#### Data Table

#### Crop Cash Receipts



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	—Thousand dollars—									
Missouri	1,651,365	1,666,233	2,062,441	1,834,407	2,095,833	2,089,417	2,398,539	2,625,244	2,285,244	1,779,318
Iowa	4,410,909	4,624,159	5,141,311	4,605,828	4,765,294	6,257,862	6,695,283	7,353,690	6,299,907	5,004,189
Illinois	5,335,636	5,153,702	5,269,718	5,913,924	5,889,878	6,574,658	6,442,906	7,070,898	6,448,345	5,233,167
Kansas	2,023,137	2,263,916	2,372,016	2,469,437	2,861,486	3,074,025	2,971,249	3,655,023	3,407,635	2,607,251
Oklahoma	1,201,249	1,053,460	1,118,836	1,032,406	1,105,964	989,724	998,079	1,128,909	962,331	855,084

Source: USDA Economic Research Service (5/01)

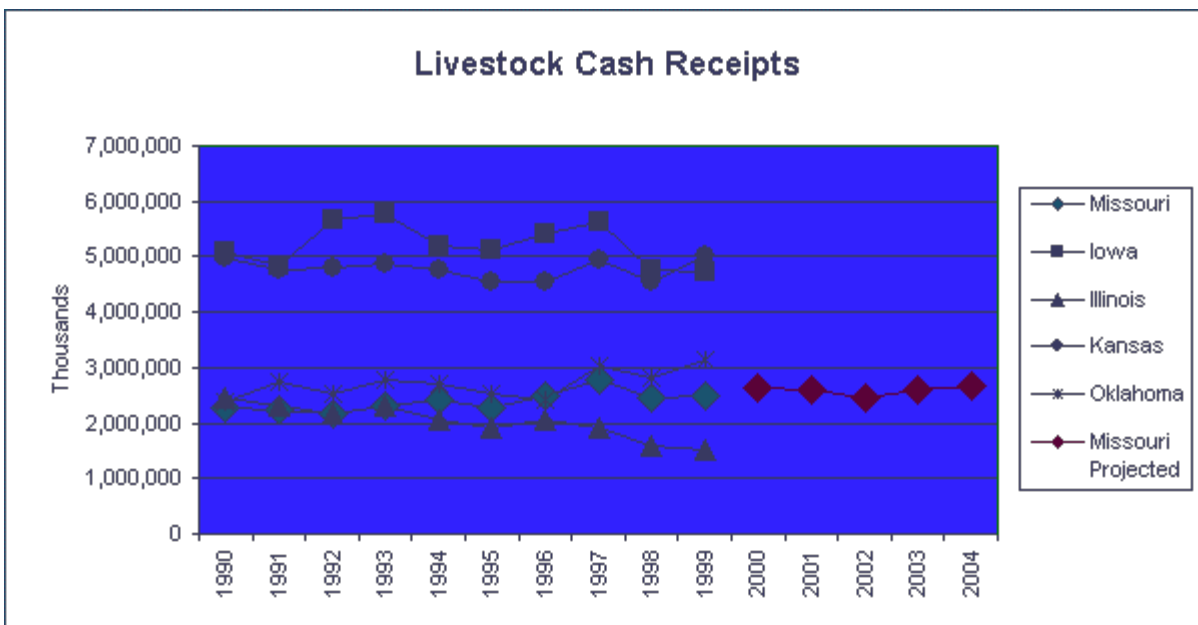
#### Description of Measure

This measure includes all food and fiber crops grown in the State of Missouri such as corn, soybeans, cotton, rice, vegetables, fruits, nuts, tobacco, seeds, Christmas trees, greenhouse and nursery stock.

#### Key Strategies:

1. Increase sales of Missouri's specialty crops (e.g. tofu beans, high-oil corn, organics).
2. Increase and/or expand the number and size of the state's value-added agricultural processing facilities.
3. Ensure no losses to Missouri grain producers due to financially unsound or fraudulent practices of grain dealers or warehouses.

**Key Objective:** Increase sales of Missouri livestock from \$2.5 billion in 1999 to \$2.7 billion in 2004.



Source: USDA Economic Research Service (5/01)

#### Why This Measure is Important

Missouri is home to a diverse livestock population, which produces revenue of over \$2.5 billion annually. Livestock production is important not only to the rural economy of Missouri but also to the state's overall economy. A strong livestock economy keeps producers on the farm and out of secondary jobs, thus reducing unemployment. A strong livestock industry adds value to feed grain production and acts as a multiplier to the total rural economy, which increases tax base and reduces demands on financial support programs provided by state and federal sources.

#### Trend Analysis

The value of livestock sales over the past ten years has remained fairly stable at between \$2.3 and \$2.5

billion, with minor fluctuations due primarily to the cyclical nature of pork and beef demand. Notable exceptions are sustained growth in the poultry industry primarily due to increasing numbers and steady product demand. The second exception to the stable trend in livestock products is a rapid decline in a once strong dairy industry.

#### How Missouri Compares to Others

Missouri has shown an 8 percent increase in livestock cash receipts over the last 10 years compared to decreases in Iowa and Illinois. Kansas has remained stable while Oklahoma has increased its livestock receipts by 28 percent over this period. Missouri ranks second nationally in beef cow production, sixth in hogs, fifth in turkeys, tenth in broilers and sixteenth in milk production. Missouri has land predisposed to livestock production, and is geographically located to supply livestock products to the rest of the nation.

#### Factors Influencing the Measure

The value of livestock and poultry sales is influenced by numerous factors including cost of production, animal disease status, weather/climate, consumer demand, public relations/advertising, and the overall supply and demand factors of the industry. The Missouri Department of Agriculture (MDA) can significantly affect these factors by working with the livestock industry to ensure healthy, safe, high quality products and by adding value to Missouri livestock and their products.

#### What Works

##### Disease Control

The department works to control and eradicate animal diseases that threaten the vitality of Missouri's animal agriculture and is prepared to respond to any animal disease that can negatively affect public health or limit the access of Missouri's livestock and livestock products to domestic or international markets. In addition, foreign animal disease prevention and surveillance is an on-going priority as illustrated by the MDA's recent response to foot-and mouth disease crisis in Europe.

##### Quality Assurance / Food Safety

Most livestock producers recognize and support consumers' demand for high quality, safe, and wholesome milk and meat products. Many quality defects are associated with mismanagement practices, genetic non-conformance, and improper use of animal medications. Addressing these issues through quality assurance programs increases the competitive position of Missouri's producers. A beef quality assurance program is currently being presented to many of our livestock markets, beef associations, and related groups. A dairy quality assurance program is being prepared to reach dairy producers statewide. The department has cooperated with the U.S. Food and Drug Administration to provide training for department staff on residue prevention and detection in meat and milk.

The development of an individual animal identification database helps ensure continued access to foreign markets while ensuring food safety and building consumer confidence. In addition to improving disease control and food safety, animal identification provides livestock producers with the information needed to improve breeding and management practices to ensure a better return for their products.

##### State Meat Inspection

In addition to helping meet consumer demands for food safety, the State Meat Inspection Program encourages small livestock producers to work with existing slaughter processing plants to add value to their products through inspected slaughter. This program uses the same rules and regulations as the USDA program and receives financial support of 50 percent of the program's costs. The program has opened new market opportunities for intrastate sales and potential interstate sales.

##### Animal Welfare

Although not captured in traditional measures of the livestock industry, Missouri's 2,038 animal care facilities are a significant source of revenue and economic activity. The inspection, regulation, and licensing of these facilities helps ensure both animal well-being and the prosperity of this industry.

##### Environmental Assistance

Environmental issues (e.g. nutrient management, Total Maximum Daily Loads (TMDL), permitting, proper disposal of waste water, etc.) are increasingly important to the sustainability and expansion of animal agriculture in Missouri. Technical assistance on these issues helps livestock producers overcome communication and administrative barriers that may otherwise prevent them from locating, expanding, or even remaining in business in Missouri.

## Concerns

- Consumer demands for food safety and quality continue to increase. Most of these demands will require the producer to make considerable additional investments to remain a viable supplier of meat or milk.
- Environmental regulations may continue to increase the cost of producing livestock.
- The introduction of a foreign animal disease into the U.S. animal population could cause tremendous losses to all facets of the livestock industry. For example, in the first year of the United Kingdom's BSE crisis, the total economic loss from BSE was estimated at US\$1.2-1.6 billion.

## Data Table

### Livestock Cash Receipts

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
—Thousand dollars—										
Missouri	2,288,690	2,254,999	2,165,318	2,321,321	2,406,264	2,284,533	2,497,101	2,771,776	2,468,654	2,476,532
Iowa	5,079,331	4,848,154	5,655,773	5,791,111	5,190,742	5,130,421	5,406,182	5,613,082	4,753,474	4,712,263
Illinois	2,443,561	2,314,918	2,165,579	2,317,415	2,069,654	1,905,491	2,038,953	1,928,400	1,573,556	1,524,322
Kansas	4,968,692	4,756,064	4,799,566	4,863,421	4,761,464	4,533,816	4,537,434	4,935,638	4,538,646	5,008,775
Oklahoma	2,397,169	2,752,831	2,517,975	2,776,522	2,705,053	2,534,639	2,399,646	3,036,711	2,802,805	3,135,425

Source: USDA Economic Research Service

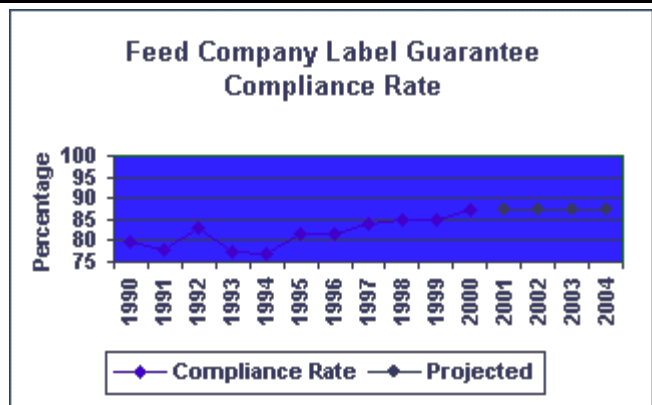
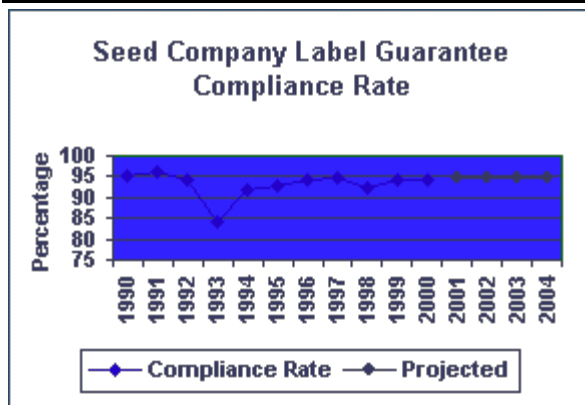
### Description of Measure

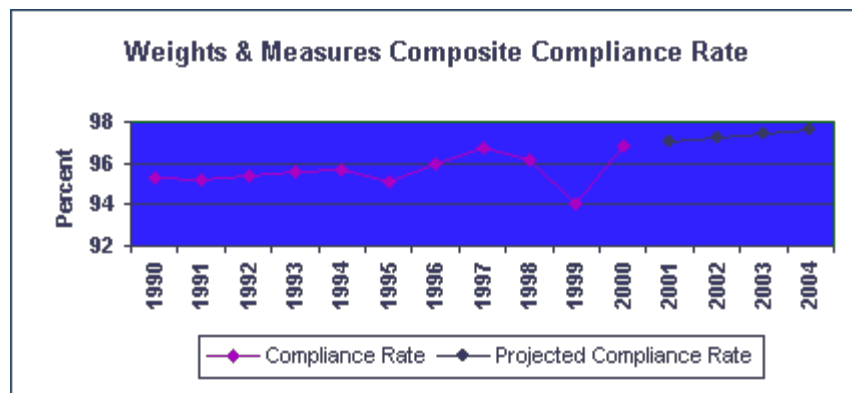
The measure includes all farm level cash receipts from sales of livestock, including cattle, hogs, sheep, dairy products, poultry and eggs, honey, horses, wool, aquaculture, and other livestock.

### Key Strategies:

1. Achieve brucellosis-free classification in FY 2003.
2. Maintain disease-free state classifications for bovine tuberculosis, swine pseudorabies, swine brucellosis, and poultry Pullorum-Typhoid through 2005.
3. Further develop and expand the state meat inspection program to increase the value of Missouri's livestock products.
4. Increase the number and capacity of value-added agricultural processing facilities.

### Key Objective: Improve producer and consumer protection.





### Why These Measures Are Important

Regulatory activities maintain a level playing field in the marketplace and promote economic growth for agriculture. Surveillance of livestock, feed, seed, commercial weighing devices, and other agricultural products and commodities provide protection for consumers and producers by ensuring that established guidelines are followed. Assurances of the quality and safety of agricultural products bolster consumer confidence and promote economic prosperity. The U.S. Department of Commerce estimates that the sales of products or services impacted by weights and measures laws in the United States total over \$4.5 trillion, which represents 52.8 percent of the U.S. Gross Domestic Product (1998 figures). Regulatory compliance is gained through a combination of regular surveillance, communication, and education of industry/businesses.

### Trend Analysis

Seed Label Guarantees: Excluding 1993, seed label compliance has consistently averaged between 92 and 96 percent during the 1990s. In 1993, floodwaters covered the state's major crop fields and significantly reduced overall seed quality.

Feed Label Guarantees: Overall feed label compliance has increased steadily since 1994.

Beginning in 1995, the program began a critical review of compliance rates. Companies that were consistently below the mean compliance rate received additional attention and assistance in their compliance efforts. Since 1994, the overall compliance rate has increased 10 percentage points.

Commercial Weighing and Measuring Devices: The annual compliance rate for commercial weighing and measuring devices in Missouri has remained fairly consistent between 95 and 97 percent since 1990. There was a slight decline in compliance rates in 1999 to 93.9 percent due to enactment of more strict requirements for propane and refined fuels meters. Compliance rates for 2000 returned to 96.8% indicating the industry had adjusted to the new requirements.

### How Missouri Compares To Others

Feed and Seed: It is difficult to make comparison to other states' compliance data because standards for violations vary from state to state. Nevertheless, review of seed inspection compliance rates for Illinois was reported as 89.00% in 2000. Indiana reported 92.30% in 2000 (North Central States Seed Control Officials Association Annual Meeting Report, 2000). In comparison, Missouri had a 94.10% compliance rate for seed.

Idaho reported a 78.45% overall compliance rate for feed in 2000. Forty-one of the violations were considered serious enough to issue a stop sale (2000 Annual Report of Commercial Feedstuffs, Idaho State Department of Agriculture). In comparison, Missouri reported an 87.27% overall compliance rate for feedstuffs, with stop-sales issued for all violations.

Weights and Measures: Collecting compliance rates from different states has been difficult because weights and measures inspections are not always contained within the same department. Some states have consumer affairs agencies, commerce departments, and environmental science departments that split up the weights and measures duties performed by the Missouri Weights and Measures Program. Annual reports of weights and measures activities are not widely published. The Illinois Bureau of Weights and Measures administers approximately the same programs as Missouri. In the 2000 annual report, Illinois reported their overall compliance rate for weights and measures inspections was 96%.

## Factors Influencing The Measures

Compliance rates can be impacted by changes in regulations or guidelines. When changes are initiated, it can take time for industry to adjust and comply with new standards.

Another factor influencing compliance rates is special investigations stemming from a reported problem. Focusing on a problem can cause compliance rates to drop initially as inspectors make a point to check on devices or commodities that have been known to be out of compliance. Over the long term, however, compliance is expected to improve as a result of these investigations.

The level of technical assistance can also affect the measure. For example, the feed program directly influences compliance rates by reviewing the formulas, mixing procedures, and manufacturing practices that feed companies use to produce their products. By partnering with these companies and providing consultant-like services, manufacturing efficiencies, firm profitability, and compliance rates all improve.

## What Works

To ensure compliance, the department combines an extensive communication and education effort with regular surveillance and enforcement actions. MDA staff takes time to explain requirements and provide technical assistance to help companies gain compliance. Staff enjoys a cooperative working relationship with the majority of the regulated community.

The feed program's Excellence in Compliance Award is an outstanding example of the effectiveness of this approach. In addition to providing process improvement consultations, the program has started to recognize feed companies with an Award of Excellence if they achieved at least a 90 percent compliance rate. Companies receiving the award have begun to use it as a marketing tool. The number of companies meeting the requirements for the award has increased 24 percent since the award's inception -- from 80 in Fiscal Year 1998 to 99 in Fiscal Year 2001.

## Concerns

Advances in technology have increased the possibility of tampering/modifying commercial weighing and measuring devices. Regular surveillance may need to be bolstered with undercover investigations to ensure commercial devices are being used correctly and appropriately. The rising costs of commodities, such as gasoline, have increased consumer awareness regarding measurements. The division needs to be able to assure consumers they are getting what they pay for.

The length of time between inspections is a concern in some programs. The Bureau of Feed and Seed, for example, has only six inspectors to cover the state. Drive time and increased duties, such as BSE inspections, dictate that not all companies will be inspected every year. The Plant Pest Control Program targets only 30% of all licensed nursery dealers for annual inspections for harmful plant pests. Only 20% of licensed timber dealers are targeted for inspection annually. If the combination of unannounced inspections and technical assistance results in better quality and safer product for the Missouri consumer, additional staff may be warranted.

## Other Sources Of Information

Missouri Department of Agriculture/Weights and Measures Division – [www.mda.state.mo.us](http://www.mda.state.mo.us)

National Institute of Standards and Technology/National Conference on Weights and Measures

-- <http://www.nist.gov/owm>

Illinois Department of Agriculture/Weights and Measures Annual Report - 2000

## Data Table

### Compliance Rates

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Weights & Measures	95.3	95.2	95.4	95.6	95.7	95.1	96.0	96.7	96.2	94.0	96.8
Feed	79.9	77.8	83.1	77.2	77.0	81.5	81.5	83.8	85.1	84.8	87.3
Seed	95.1	96.0	94.4	84.2	91.8	92.7	94.3	94.5	92.5	94.5	94.1

Source: MDA Program Data

## Description of Measure

Compliance rates are calculated by dividing the number of inspections that meet regulatory requirements by

the total number of inspections. The Weights and Measures Composite Rate includes measures for the following items: scales, taximeters, scanned items, service station pumps, refined fuel truck and plant meters, terminal meters, LP gas meters, fuel quality samples, and moisture meters.

#### Key Strategies:

1. Maintain the percentage of companies meeting feed label guarantees at 87.5 percent.
2. Maintain the percentage of companies meeting seed label guarantees at 94.5 percent.
3. Increase the compliance rate for commercial weighing and measuring devices from 96.8 percent to 97.6 percent by June 30, 2004.
4. Increase the compliance rate for prepackaged goods and commodities from 91.1 percent to 93 percent by June 30, 2004.
5. Maintain a minimum compliance rate of 96% for fuel samples tested.

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